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Page 1 of 2

AG MARSHALL ANNOUNCES PERMANENT INJUNCTION TO SHUT DOWN FRAUDULENT CREDIT REPAIR COMPANY

(MONTGOMERY) – Attorney General Steve Marshall announced that a Montgomery credit repair company has been permanently closed by court order at the request of his office. The order was part of a settlement the Attorney General’s Office reached with Scott’s Credit Repair and its owner/operators John C. Scott and Krystal Scott. Under the terms of the settlement, the Defendants are prohibited from engaging in any activity in the credit repair or consumer finance industries, and from owning or managing any business, either in the State of Alabama or involving Alabama consumers from another location or online.

The Montgomery County Circuit Court issued the order on October 25, settling a complaint filed on October 23 by the Attorney General’s Consumer Interest Division. The Attorney General’s complaint stated that “from beginning to end, the consumer experience with Scott’s Credit Repair is rooted in deception and illegality.”

Attorney General Marshall said, “These defendants conducted their business in flagrant disregard of the law and without concern for providing an honest and worthwhile service to their customers. This action should send a message to others that the State of Alabama will put a stop to such unscrupulous practices.”

Scott’s Credit Repair operated in Montgomery, and around the state, and is alleged to have frequently deceived and defrauded consumers as a matter of course. The Attorney General’s complaint alleges that the defendants “have engaged in deceptive advertising that perpetuates their empty promises of better lives for their customers, they have made false statements to both credit bureaus and to consumers, they have defrauded consumers by illegally charging them before services are completed and by charging them different rates than those they advertise, and they have failed to permit at least one consumer to cancel their services within three days in violation of the federal law governing credit repair businesses. “



First, the defendants would rein in consumers with advertisements claiming that, if they hired the company, they would be able to buy new homes or new cars. One advertisement went so far as to feature a supposed customer pointing to an expensive house and sports car and saying, "Look what they've done for me," when that representation was simply made-up. Defendants also paid a customer to post a positive message about the business on social media. The customer then made a false post claiming the defendants had helped her buy a new car at a good interest rate, and although fully aware that the post was false, the defendants reposted it multiple times. In addition, the defendants made promises that they could improve some customers' credit scores to levels of more than 700 even though they could not possibly guarantee that result.

The Attorney General's complaint also states that evidence gathered during the investigation indicated that the defendants commonly used a practice called "jamming" to create the illusion of improved credit. They would automatically and indiscriminately dispute most if not all negative items in someone's credit report, without any input from the consumer about what was accurate or not. They apparently intended this to result in the removal of negative items while the matters were investigated, causing the customer's credit scores to temporarily rise until the items were investigated and verified. And in some cases, the defendants would simply fabricate stories that the consumers had been victims of identity theft, without those consumers' knowledge or consent, in order to have negative items removed from their credit reports.

The amount and manner in which payments were collected also was illegal, the complaint states. Contrary to law, the defendants required their customers to pay for services in advance. The defendants also charged many customers higher fees than those they advertised, for no legitimate reason. In another case, Mr. Scott illegally refused to permit one customer to cancel the business's services within the three-day period allowed by law, telling her that she could not cancel because he had already started working on her case.

Attorney General Marshall commended those involved in bringing this case to a successful conclusion, noting in particular Assistant Attorney General Michael Dean and Consumer Protection Specialist Emily Nichols of his Consumer Interest Division.